

AMENDED IN ASSEMBLY MAY 28, 2014

AMENDED IN ASSEMBLY MAY 6, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2649**

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**Introduced by Assembly Members Mullin, V. Manuel Pérez, and  
Gorell**

**(Coauthors: Assembly Members Allen, Atkins, Maienschein,  
Skinner, Ting, Wieckowski, and Williams)**

(Coauthors: Senators Block, Correa, DeSaulnier, Fuller, Hill, Roth, and  
Vidak)

February 21, 2014

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An act to add Article 9.5 (commencing with Section 389) to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, relating to public ~~utilities, and declaring the urgency thereof, to take effect immediately.~~ *utilities.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2649, as amended, Mullin. Public ~~Utilities:~~ *utilities:* federal facilities: electrical charges.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law relative to restructuring of the electrical services industry requires the commission to establish an effective mechanism that ensures the recovery of certain uneconomic costs for generation-related assets and obligations incurred by electrical

corporations in the transition to the restructured market (competition transition charges) and other specified nonbypassable charges. Existing law requires the commission to approve and establish standby charges and to review and adjust the standby charges to encourage the utilization of electricity generated from other than conventional power sources.

This bill would require the commission, on or before April 1, 2015, to require an electrical corporation to calculate ~~and assess the competition transition charges and other specified nonbypassable charges based on the actual metered consumption of electricity by military bases and facilities and privatized military housing, as defined.~~ The bill would require the commission to calculate the standby charges for ~~those military bases and facilities and privatized military housing,~~ as specified. The bill would require the commission to require the electrical corporations to implement the above ~~provisions~~ *provision* through advice letters submitted before April 1, 2015. ~~The bill would specify that those facilities that operate independent generation facilities are not obligated to enter into an interconnection agreement with an electrical corporation. The bill would require, for a facility with an independent generation facility, that certain costs be applied based on the amount of electricity purchased by the facility from an electrical corporation or alternative supplier of electricity that delivers electricity through the distribution system of an electrical corporation.~~

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

This bill would be part of the act and an order or other action of the commission would be required to implement the bill. Because a violation of this bill or an order or other action of the commission implementing those provisions would be a crime, this bill would thereby impose a state-mandated local program by creating new crimes and by expanding the definition of existing crimes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 9.5 (commencing with Section 389) is  
2 added to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities  
3 Code, to read:

4  
5 Article 9.5. Federal Facilities  
6

7 389. The Legislature finds and declares all of the following:

8 (a) The United States Department of Defense provides national  
9 defense and global security that benefits Californians and  
10 California's economy.

11 (b) The United States Department of Defense facilities located  
12 in California provide more than seventy billion dollars  
13 (\$70,000,000,000) in direct spending and 300,000 jobs in  
14 California.

15 (c) The United States Department of Defense is working to  
16 achieve energy efficiency and renewable energy goals to meet  
17 both presidential and departmental directives.

18 (d) The amount of electricity that the United States Department  
19 of Defense facilities located in California seek to generate on their  
20 own premises will serve their own electricity needs and will not  
21 export electricity.

22 (e) Military bases approximate small cities in electrical load,  
23 diversity of land uses, and size.

24 (f) Given the crucial contribution of our military, California  
25 should assist military facilities in California in achieving their  
26 energy independence goals.

27 (g) The military owns and maintains its electric distribution  
28 system. Generation serving the military's own electricity load  
29 without export should not require upgrades to this distribution  
30 system. Even if upgrades are necessary, the military, not the  
31 ratepayers, will bear these costs.

32 (h) At the request of the Governor and the electrical  
33 corporations, military bases have historically demonstrated their  
34 commitment and ability to provide demand reduction management  
35 at times of grid emergencies.

36 (i) Development of additional energy facilities on military bases  
37 and military family housing will create opportunities for jobs for  
38 veterans at a time when many California service members are

1 reentering the workforce and can provide skilled workers.  
2 Established programs, such as “Helmets to Hardhats,” also provide  
3 valuable and needed transition from the battlefield to the civilian  
4 community.

5 389.3. (a) For the purposes of this article, the following shall  
6 apply:

7 (1) “Facilities” means either of the following:

8 (A) Military bases and facilities.

9 (B) Privatized military housing.

10 (2) “Independent generation facility” means an electrical  
11 generation facility that meets all of the following requirements:  
12 *installation located on a facility that is interconnected and operated*  
13 *in parallel with an electrical corporation’s distribution system,*  
14 *sized to offset part or all of the facility’s own electrical*  
15 *requirements, and that contains equipment to prevent the export*  
16 *of electricity to the interconnected electrical corporation’s*  
17 *distribution system.*

18 ~~(A) Is sized to provide no more than 100 percent of a facility’s~~  
19 ~~average minimum daytime load, measured in the prior 12 months.~~

20 ~~(B) Is prevented from exporting electricity to an electrical~~  
21 ~~corporation’s distribution system through a double throw switch~~  
22 ~~or operating scheme specifically designed and engineered for that~~  
23 ~~operation.~~

24 ~~(C) Is operated in parallel with the electrical transmission and~~  
25 ~~distribution system.~~

26 (3) “Military bases and facilities” mean those establishments  
27 under the jurisdiction of the United States Army, United States  
28 Air Force, United States Navy, United States Marine Corps, or the  
29 United States Coast Guard.

30 (4) “Privatized military housing” means housing facilities  
31 managed by a private entity for the purpose of providing housing  
32 to active duty service members and their family members that are  
33 not individually metered for purposes of calculating electricity  
34 charges paid to an electrical corporation.

35 (5) “Standby demand” means the entire reserved capacity needed  
36 to serve the electrical load of a facility that is regularly served by  
37 the facility’s independent generation facility when that generation  
38 facility experiences a partial or complete outage.

39 (b) To the extent authorized by federal law, an operator of an  
40 independent generation facility shall notify the electrical

1 corporation pursuant to subdivision (b) of Section 119085 of the  
2 Health and Safety Code.

3 ~~(e) (1) The facilities shall not be obligated to enter into an~~  
4 ~~interconnection agreement for an independent generation facility.~~

5 ~~(2) If a facility requests an interconnection agreement, the~~  
6 ~~electrical corporation shall ensure that the request is processed in~~  
7 ~~a time period not to exceed 30 working days from the date of~~  
8 ~~receipt of the completed application by the electrical corporation.~~

9 ~~(3) If a facility requests an interconnection agreement, an~~  
10 ~~electrical corporation shall not impose any requirements or fees,~~  
11 ~~such as telemetry or metering devices, electric grid reliability~~  
12 ~~studies, fees for electric grid reliability studies, interconnection~~  
13 ~~charges, or require payment for the cost of any studies deemed~~  
14 ~~necessary by the electrical corporation, on an interconnection~~  
15 ~~request.~~

16 *(c) Notwithstanding the limitation on the maximum generation*  
17 *capacity imposed pursuant to Section 2827, an electrical*  
18 *corporation shall use the expedited interconnection process*  
19 *specified in subdivision (e) of Section 2827 and any commission*  
20 *order or rule implementing that provision for a facility with an*  
21 *independent generation facility.*

22 *(d) For a facility with an independent generation facility, the*  
23 *costs provided in Sections 330, 366.1, 367, 368, 375, 376, 379.6,*  
24 *and 381 shall be applied based on the amount of electricity*  
25 *purchased from an electrical corporation or alternative supplier*  
26 *of electricity that delivers electricity through the distribution system*  
27 *of an electrical corporation.*

28 ~~(d)~~

29 *(e) On or before April 1, 2015, and to the extent authorized by*  
30 *federal law, the commission shall, for a facility, do ~~all~~ both of the*  
31 *following:*

32 ~~(1) Require an electrical corporation to calculate and assess,~~  
33 ~~based on the actual metered consumption of electricity provided~~  
34 ~~from either the electrical corporation or an electric service provider~~  
35 ~~that delivers electricity through the distribution system of the~~  
36 ~~electrical corporation for the facility's billing period, the following~~  
37 ~~charges:~~

38 ~~(A) The competition transition charge imposed pursuant to~~  
39 ~~Section 330.~~

- 1     ~~(B) The charge imposed pursuant to Section 367, commonly~~
- 2     ~~known as the power charge indifference adjustment.~~
- 3     ~~(C) The nuclear decommission charge imposed pursuant to~~
- 4     ~~Section 379.~~
- 5     ~~(D) The charge imposed pursuant to Section 366.1 to recover~~
- 6     ~~bond-related costs pursuant to an agreement between the~~
- 7     ~~commission and the Department of Water Resources pursuant to~~
- 8     ~~Section 80110 of the Water Code.~~
- 9     ~~(E) The charge imposed pursuant to Section 379.6 for the~~
- 10    ~~support of the self-generation incentive program.~~
- 11    ~~(F) The charges imposed pursuant to Section 381 or 384 for the~~
- 12    ~~support of public interest programs.~~
- 13    ~~(G) Transmission and distribution charges as approved by the~~
- 14    ~~commission on the applicable tariff.~~
- 15    ~~(2)~~
- 16    (1) (A) ~~Calculate~~ *Require an electrical corporation to calculate*
- 17    the standby charge for a facility that is currently subject to a
- 18    standby charge based on the facility’s standby demand. The standby
- 19    demand shall be designated by the facility and remain at that level
- 20    for a minimum of 12 months unless the electrical corporation
- 21    determines that the standby demand needs to be adjusted to meet
- 22    the actual demand.
- 23    (B) Upon an electrical corporation’s determination that the
- 24    facility’s designated standby demand is too low and does not reflect
- 25    the actual level of needed reserved capacity, over any 15 minute
- 26    period or through onsite verification, the electrical corporation
- 27    shall increase the standby demand to reflect the actual needed
- 28    reserve capacity.
- 29    (C) Upon an electrical corporation’s determination that the
- 30    facility’s designated standby demand is too high, over any 15
- 31    minute period or through onsite verification, the electrical
- 32    corporation shall decrease the standby demand to reflect the actual
- 33    needed reserve capacity.
- 34    (D) If the standby demand is adjusted by the electrical
- 35    corporation, another adjustment in the standby demand shall not
- 36    be made for 12 months from the adjustment.
- 37    (E) To the extent authorized by federal law, a facility shall notify
- 38    the electrical corporation of permanent or material changes in the
- 39    size, type, and operations of the facility for future adjustments to
- 40    the standby demand.

1     ~~(3)~~  
 2     (2) Require electrical corporations to implement the provisions  
 3 of this ~~section~~ *subdivision* through advice letters submitted prior  
 4 to April 1, 2015.

5     ~~(e)~~  
 6     (f) Any activities undertaken on a facility’s premises that reduce  
 7 demand for an electrical corporation’s supplied electricity, such  
 8 as energy efficiency, load reduction, or independent generation  
 9 are not subject to charges assessed on electricity delivered from  
 10 the electrical corporation’s distribution system or other charges of  
 11 any kind that would increase the facility’s costs beyond those of  
 12 other customers in the rate class to which the facility would  
 13 otherwise be assigned if the independent generation facility was  
 14 not installed at the facility.

15     ~~(f) The commission may adjust the size limit for independent  
 16 generation facilities on facilities if it determines that it can be done  
 17 in a manner that does not affect the safety or reliability of electricity  
 18 service to other customers of the electrical corporation.~~

19     389.5. Notwithstanding this article, facilities, at their sole  
 20 discretion, may develop eligible energy generation projects  
 21 authorized pursuant to Section 2827 or 2827.1 or through an  
 22 electrical corporation’s Generation Facility Interconnection Rule  
 23 21, as applicable and pursuant to applicable rules and tariffs.

24     SEC. 2. No reimbursement is required by this act pursuant to  
 25 Section 6 of Article XIII B of the California Constitution because  
 26 the only costs that may be incurred by a local agency or school  
 27 district will be incurred because this act creates a new crime or  
 28 infraction, eliminates a crime or infraction, or changes the penalty  
 29 for a crime or infraction, within the meaning of Section 17556 of  
 30 the Government Code, or changes the definition of a crime within  
 31 the meaning of Section 6 of Article XIII B of the California  
 32 Constitution.

33     ~~SEC. 3. This act is an urgency statute necessary for the  
 34 immediate preservation of the public peace, health, or safety within  
 35 the meaning of Article IV of the Constitution and shall go into  
 36 immediate effect. The facts constituting the necessity are:~~

37     ~~To allow renewable energy development in military installations  
 38 and facilities in support of the state’s energy policies and the United  
 39 States military’s renewable energy and national security goals as~~

- 1 well as to support military families and veterans hiring programs,
- 2 it is necessary for this act to take effect immediately.

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